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For Immediate Release:

San Bruno Commends Improved CPUC Recommendation to Punish PG&E

City still demands even tougher remedies--will file response Aug. 1

San Francisco—The City of San Bruno today commended the latest legal filing by the California Public Utilities Commission's safety division and called the improved penalty and fine proposal of $2.25 billion against Pacific Gas & Electric Company "a step in the right direction" to punish the utility for its gross negligence that caused the Sept. 9, 2010 San Bruno explosion and fire.

San Bruno officials have long demanded that PG&E pay the maximum for the tragic explosion and fire that took eight lives, destroyed 38 homes, and damaged scores more. The City today said it will continue its push for additional remedies, including lifesaving fully automated safety shutoff valves and an independent safety monitor to serve as a watch dog for the completion of required system safety improvements.

San Bruno is also asking that the CPUC mandate that PG&E fund a Pipeline Safety Trust in California, an independent group that would advocate for pipeline safety and would serve as a legacy to the tragic explosion. San Bruno has until Aug. 1 to file its formal response to the CPUC.

"The latest penalty proposal is a long-awaited step in the right direction for public safety, and we commend the attorneys within the CPUC's safety division for exhibiting the courage to significantly strengthen the division's previous, and inadequate, penalty recommendation," said San Bruno Mayor Jim Ruane. "While we wholeheartedly support the tougher penalty and fine, the City of San Bruno will continue to fight for additional and ongoing safeguards to protect the public and help us ensure that what happened in San Bruno never happens again, anywhere."

The City cautioned that it just received the CPUC safety division filing this morning and needs to review it thoroughly before fully commenting on the revised proposal.

The CPUC's revised $2.25 billion penalty and fine proposal replaces the CPUC's original -- and now discredited -- recommendation announced with much hype by Jack Hagan, director of the CPUC's safety division, in May but which was soon revealed to be 100 percent tax-deductible and littered with credits and perks to benefit PG&E, amounting in a net penalty of almost nothing for the utility.

Not one of the CPUC safety division's senior attorneys agreed to sign the original penalty recommendation, calling it "unlawful" and "contrary to what our team had worked to accomplish in the last two and a half years." Those attorneys were reassigned off the investigation as a result of their protest.

The shocking internal turmoil at the CPUC led San Bruno to call for an investigation by the California Attorney General and the State Legislature and, ultimately, forced the recusal of the CPUC's chief counsel and the lead attorney on the case, Frank Lindh, a former PG&E attorney.

The formerly reassigned attorneys returned to the investigation and last week they requested to withdraw the old filing and "correct certain inaccuracies," characterizing the events as "unorthodox."

The amended filing not only imposes a tough penalty of about $2.25 billion that will fund ongoing safety improvements but it also incorporates a $300 million fine to PG&E shareholders, which is not tax deductible and would be diverted into the State of California's general fund. In addition, the proposal also curtails PG&E's ability to deduct "credits" for safety repairs made since the 2010 explosion and fire – a provision San Bruno has advocated strongly for in the past.

And while city officials say they generally support the monetary component of the CPUC's revised proposal, given the widespread dysfunction at the CPUC, they will continue to push for PG&E to adopt and fund a series of remedial measures to ensure systemic regulatory change in the future. These include funding for a California Pipeline Safety Trust advocacy organization, an Independent Monitor to make sure PG&E follows its own safety plan in the face of possible lax enforcement, and the installation of lifesaving fully Automatic Shutoff Valves. The City also opposes the proposed $435 million credit to PG&E shareholders which effectively reduces the penalty against PG&E to $1.815 billion.

"While we continue to applaud those CPUC attorneys who displayed exceptional courage in their effort to uphold justice for the people and victims of San Bruno, we believe the level of chaos and disarray at the CPUC is proof that additional, going-forward remedies are needed, specifically an Independent Monitor to oversee the CPUC's activities and correct the overly cozy relationship with the CPUC" Ruane said. "We will continue to fight for additional safeguards so that, as the legacy of the City's involvement in this process, we can feel confident that the state's regulatory and public utility systems are changed for the better."

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